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ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS

Report of the Advisory Committee on Administrative and Budgetary Questions

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* The information contained in the annexes has been supplied by the representatives of the Secretary-General.

I. INTRODUCTION

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on administrative and budgetary aspects of the financing of the United Nations peace-keeping operations (A/48/945 and Corr.1) and his updated report (A/49/557), prepared at the request of the Committee. During its consideration of the report, the Committee was guided by General Assembly resolution 48/42 of 10 December 1993 on the comprehensive review of the whole question of peace-keeping operations in all their aspects.

2. The Committee made extensive use of information contained in the reports of the Secretary-General on the staffing of the United Nations peace-keeping and related missions (civilian component) (A/48/421/Add.1), the use of civilian personnel in peace-keeping operations (A/48/707) and improving the capacity of the United Nations for peace-keeping (A/48/403-S/26450 and Add.1, Add.1/Corr.1 and Add.2). The Controller, the Director of the Peace-keeping Financing Division of the Office of Programme Planning, Budget and Accounts, the Acting Director of the Field Administration and Logistics Division of the Department of Peace-keeping Operations, the Chief of the Compensation and Classification Service of the Office of Human Resources Management, the Chief of the Finance Management and Support Service of the Department of Peace-keeping Operations and other representatives of the Secretary-General provided a substantial amount of additional information to the Advisory Committee, some of which is contained in the annexes to the present report.

3. The Committee notes that the Secretary-General's report (A/48/945) is submitted in response to General Assembly resolution 47/218 B of 14 September 1993 and attempts to address the questions and problems raised by the Committee in its previous report (A/47/990). It also contains the Secretary-General's response to General Assembly decision 48/472 B of 24 March 1994 and supplements his report on improving the capacity of the United Nations for peace-keeping (A/48/403-S/26450). In his subsequent report (A/49/557) the Secretary-General provides an updated overview of actions taken so far in response to the recommendations of the Committee contained in its report (A/47/990).

4. Proposals of the Secretary-General that would, in his view, require endorsement by the General Assembly are indicated in paragraph 122 of his report (A/48/945). In the course of the deliberations, the representatives of the Secretary-General advised the Committee that the following issues should be addressed by it as a matter of priority: (1) financial authority, (2) budget cycles, (3) presentation of budgets, (4) reserve fund, (5) international contractual personnel, (6) compensation for death and disability for contingents and (7) mission start-up kits. It is the view of the Committee that contingent-owned equipment should also be accorded priority.

5. The report of the Secretary-General (A/48/945, para. 2) provides statistics on the growth in the number and scope of United Nations peace-keeping and other operations; for example, from 8 active missions in mid-1990 with an annual budget of approximately $600 million, workload has grown to more than 29 field

missions with projected costs at over $3 billion in 1994. From some 10,000 military and 5,000 civilian personnel in 1990, United Nations peace-keeping operations now involve over 75,000 military and 13,000 civilian personnel. In addition, the scope of mission mandates has, on occasion, expanded from cease-fire monitoring and truce observation to include provision of electoral support, human rights monitoring, civilian police monitoring and training, military demobilization, demining and some aspects of humanitarian support.

6. In the opinion of the Committee the overwhelming impact of peace-keeping operations has seriously affected the Secretariat's capacity to manage and the General Assembly's capacity properly to oversee the work of the United Nations; therefore, the development of a rational system for the budgeting, financing and administration of peace-keeping operations is absolutely crucial, not only to the sound management of peace-keeping operations but to management throughout the United Nations and the maintenance of the necessary mutual trust between the Secretariat and the General Assembly.

II. PLANNING

7. Mission planning, as indicated in paragraph 7 of the Secretary-General's report, requires a methodical approach, in view of the increasingly complex environment of peace-keeping operations.

8. The Committee understands that a key initial element is the sending of a survey mission prior to the submission of a report by the Secretary-General to the Security Council. The report of the survey mission forms the basis for the formulation of an operational plan and of the statement of financial implications presented to the Security Council. The successful development of an operational plan should, in the view of the Committee, be the focus of mission planning, since it will contain the objectives of and requirements for the basic elements of a peace-keeping operation, such as military personnel, military and, when necessary, civilian observers, civilian police and their respective functions, clearly delineated.

9. The purpose of mission planning, according to the Secretary-General, is "to facilitate a rapid response for mission start-up, while simultaneously producing a comprehensive plan to execute, sustain and eventually liquidate the mission" (A/48/945, para. 7). On inquiry, the Committee was informed of the following actions taken or in process with regard to mission planning:

(a) The Committee notes that for the purpose of operational planning, a mission planning service has been established in the Department of Peace-keeping Operations with responsibility for designing carefully integrated (civilian and military) plans for complex, multidimensional operations as indicated by the Secretary-General in his report on the restructuring of the United Nations Secretariat (A/49/336). A financial planning section has been established, within the Department of Peace-keeping Operations, which works closely with the Department of Administration and Management and the military and logistics planners and is responsible for mission start-up requirements, participation in survey missions and preparation of resource requirements;

(b) An internal capacity has been developed for fielding multidisciplinary survey missions to identify the requirements of the prospective peace-keeping mission, specifying and quantifying the support elements necessary for its successful undertaking, including gathering information on new or expanding existing missions, such as topography, infrastructure, or local availability of goods and services. On the basis of reports of survey missions, operational plans and budget estimates of peace-keeping missions are prepared. A survey team usually consists of about 10 specialists (political affairs officers, military specialists, logistics/administrative officers, finance officers) sent to the mission area for a period of approximately 10 days. A list of survey missions sent in 1993-1994 and a detailed composition of the most recent survey missions is provided in annex I. A and B to the present report;

(c) A mission survey handbook is being developed which will facilitate the production of a credible planning framework and lead to a comprehensive financial and logistics plan. The Committee was informed that a second draft of the handbook will be completed and circulated to Member States no later than the end of 1996. The Committee requests that steps be taken to expedite the completion of the handbook.

10. The Committee welcomes the efforts of the Secretary-General to enhance the planning capacity of the Secretariat with regard to peace-keeping operations. At the same time the Committee believes that the following should be taken into consideration:

(a) In assessing the logistical and support requirements, full advantage should be taken of any existing United Nations presence in the field such as the United Nations coordinator and United Nations organizations located in the prospective area of operation to speed up the collection of the necessary data for this purpose. Moreover, a database should be established in the Field Administration and Logistics Division of the Department of Peace-keeping Operations, which could contribute to effective mission planning by providing statistical information, available from all relevant United Nations units, on the prospective area of operation, including relevant infrastructure, economic and social information;

(b) There should be close cooperation and experience-sharing among staff and military personnel participating in survey missions and start-up teams;

(c) The Committee intends to review the allocation of responsibilities and coordination between the Department of Peace-keeping Operations and the Department of Administration and Management in both the budgeting and the staffing processes;

(d) The allocation of responsibilities within the Department of Peace-keeping Operations has not yet been fully implemented; for example, at the time of the preparation of this report, the post of Assistant Secretary-General in the Office of Planning and Support remains to be filled and there appears to be a confused situation with regard to the senior structure of the Field Administration and Logistics Division which remains to be clarified;

(e) In addition to a systematic participation of political officers, military and civilian specialists from planning units, and human and financial resource units from the Department of Peace-keeping Operations, these missions should include, where and when necessary, specialists in civilian police, elections, human rights and humanitarian affairs. Furthermore, administrative support staff (finance, budget, personnel and procurement officers) should also be afforded the possibility of occasional visits to peace-keeping operations, especially in their early stages, to obtain first-hand experience of the realities in the mission areas and thus contribute to a better understanding of the operational requirements of missions;

(f) It should always be borne in mind that in planning for a mission one of the main objectives is to establish an appropriate link between the delivery of services and the objectives of the mission. This clear relationship should be established at the beginning of a mission and explained and justified in each report on the mission. There should also be a clear link between the military and civilian components and any shifts in this relationship should be explained as appropriate in future reports to the General Assembly and the Security Council.

11. In his report, the Secretary-General attempts to address the Committee's recommendation (A/47/990, para. 10) that the Secretary-General should provide a clearer definition of the short-term humanitarian requirements of a mission and the long-term needs with a view to achieving greater consistency in the proposed financing of those activities. The Committee was not provided with sufficient information to allow it to share the view of the Secretary-General that "humanitarian assistance to the civilian population of a conflict should fall under the overall umbrella of the peace-keeping operation" (A/48/945, para. 14) and believes that this very much depends on the circumstances of each individual mission. The Committee notes that "experts in humanitarian affairs will be included in the initial survey mission so as to identify the overall humanitarian assistance requirements to be considered when developing the concept of operations for each new mission" (ibid.). The Committee is of the view that the inclusion of experts in humanitarian affairs in survey missions should not be automatic but should rather be dependent on the mandate of a mission.

12. The Committee notes the following statement in the Secretary-General's report:

> "Where normal social structures in the proposed area of operations are devastated, the concept of operations should as a minimum provide for United Nations leadership of humanitarian activities in the mission mandate and, as necessary, emergency medical care and emergency food supplies for the affected population, pending the receipt of voluntary contributions for that purpose. A voluntary trust fund would therefore be established by the Secretary-General during the start-up phase of the mission for financing such humanitarian activities." (A/49/945, para. 14)

In this connection the Committee points out that United Nations leadership through the Department of Humanitarian Affairs is one of coordination rather than implementation; indeed it has been pointed out to the Committee by

representatives of a number of United Nations programmes involved in humanitarian relief that the local population's perception of the impartiality of humanitarian operations might be affected by too close an association with the peace-keeping forces, particularly in the context of enforcement actions under Chapter VII of the Charter of the United Nations. The Committee understands that in circumstances where relief organizations such as the Office of the United Nations High Commissioner for Refugees, the World Food Programme, the United Nations Children's Fund and the World Health Organization find it difficult to operate for security reasons, peace-keepers, at the request of the Secretary-General and by decision of the Security Council, provide the security for such emergency assistance.

13. The Committee notes that humanitarian assistance should, in principle, be financed from voluntary contributions; only in those instances where voluntary contributions to meet the cost of humanitarian activities are indispensable for the implementation of a peace-keeping operation (short-term) and fail to materialize could some of those costs be included in the budget of the peace-keeping operation; in this connection the Committee points out that since humanitarian activities such as demobilization usually come in the later stages of a peace-keeping operation there would be time to await the results of an appeal. With regard to the establishment of voluntary trust funds for short-term requirements, the Committee points out that the experience to date in response to such appeals has not been good. Furthermore, it is not clear to the Committee what kind of administrative and managerial relationship exists between such trust funds and voluntary funds established as a result of a consolidated appeal; the Committee requests the Secretary-General to clarify this matter during the forty-ninth session of the General Assembly.

III. BUDGETING AND FINANCE

14. Paragraphs 15 to 41 of the report (A/48/945) contain the Secretary-General's proposals on budgeting and finance. In addition, in his updated report (A/49/557) the Secretary-General proposes an increase in the commitment authority the Committee can grant the Secretary-General under the resolution of the General Assembly on unforeseen and extraordinary expenses. As part of the additional information supplied to the Committee the Secretariat has supplied a set of definitions applicable to peace-keeping operations; they appear in annex II.

A. Financing

15. The lack of adequate cash financing against approved appropriations is a long-standing problem which is at the heart of the critical financial situation of the United Nations. As has been stated many times, the cause of the problem is the failure by a number of Member States to pay their assessments in full and on time. This has led to the depletion of the reserves which could cover initial requirements before the General Assembly adopts a budget for a peace-keeping operation. Therefore, unless Member States abide by their obligations and the financial regulations, the cash problems of the Organization will not be permanently solved. The establishment of any new mechanism could

increase the relative burden of those Member States which pay in full and on time.

16. In paragraph 41 of his report, the Secretary-General makes reference to the need fully to fund the balance of $86 million due to the Peace-keeping Reserve Fund in accordance with General Assembly resolution 47/217 of 23 December 1992 and to his proposal to increase the level of the Reserve Fund to $800 million. The Committee recalls that the Reserve Fund was to be financed in part by transfer of balances from two completed peace-keeping missions, the United Nations Transition Assistance Group (UNTAG) and the United Nations Iran-Iraq Military Observer Group (UNIIMOG) ($64.2 million) and in part from the unused balance from the biennium 1986-1987 in the General Fund. The Committee understands that, although the transfer of balances from the UNTAG and UNIIMOG special accounts has been effected, the "unused balance" has never been transferred because of the lack of resources in the General Fund, caused mainly by non-payment of assessed contributions by a number of Member States. Moreover, the Committee was informed that the bulk of the $64.2 million which had been transferred from the UNTAG and UNIIMOG special accounts has been used to make loans to ongoing peace-keeping operations, on an almost permanent basis. Thus, the purposes of the Peace-keeping Reserve Fund, as set out in General Assembly resolution 47/217, have not been achieved. However, the purpose of the Fund would be more fully achieved if it was sufficiently capitalized and regularly reimbursed as a result of the normal payment of assessed contributions.

17. The Committee asked how a possible increase in the level of the Peace-keeping Reserve Fund might be accomplished other than as set out in General Assembly resolution 47/217, and was informed that ways to increase the Fund could include the following:

(a) Transfer of the net balance of amounts held in the suspense account from the United Nations Disengagement Observer Force (UNDOF) and the United Nations Interim Force in Lebanon (UNIFIL) (approximately $99.8 million);

(b) Transfer of interest income in all special accounts for peace-keeping operations (approximately $31.4 million);

(c) Transfer of surplus balance from the prior year's liquidation of obligations (approximately $13.9 million in respect of the biennium 1992-1993);

(d) Financing part of the Reserve Fund by additional assessment on Member States.

18. The Committee points out that, even if the General Assembly were to agree to transfer all the balances and surpluses set out in paragraph 17 (a)-(c) above and even if those balances and surpluses were in fact to be fully realizable as cash, they would total only some $145 million out of the $650 million increase recommended by the Secretary-General. The Committee points out further that the net balance interest and surplus referred to in paragraph 17 (a)-(c) above in fact belong to the Member States. The Committee notes that, as was the case with the initial establishment of the Peace-keeping Reserve Fund, any decision to transfer these accounts would have to address the question how this would

relate to the proportional payment by Member States into the accounts in question as well as the problems relating to transfer of regular budget surplus into a peace-keeping reserve.

19. Moreover, information provided to the Committee on the level of United Nations reserves indicates that the total stated level is approximately $600 million and that little or no cash is actually available in either the Working Capital Fund, the Special Account or the Peace-keeping Reserve Fund. Given the prevailing circumstances with regard to the existing reserves, the Committee is not convinced that a decision to increase the level of the Peace-keeping Reserve Fund to $800 million at this stage would in fact be realized or significantly alleviate the cash flow problems. An increase might very well result only in an increase of the related burden of those Member States which pay in full and on time. Rather, efforts should be made fully to capitalize existing reserve funds.

B. Requirements for new or expanded peace-keeping operations

20. One of the main purposes of the establishment of the Peace-keeping Reserve Fund was to finance budgetary appropriations, including start-up costs, for new, expanded or renewed peace-keeping operations pending the collection of assessed contributions (General Assembly resolution 47/217, para. (b) (ii)). As indicated in the paragraphs above, the Reserve Fund has not met this objective. In this connection the Committee notes that in paragraph 15 of his report the Secretary-General reiterates his proposal that Member States be assessed for one third of "the total estimates presented in the financial implications provided to the Security Council in order to meet the start-up costs". In subsequent discussions with the Committee, representatives of the Secretary-General made it clear that the one-third assessment would be on the basis of a "preliminary estimate" presented to the General Assembly which would include budgetary information. As already is the case, a statement of financial implications would be prepared for the Security Council in connection with its deliberations. After a decision by the Security Council on the mandate of the mission, a preliminary estimate would be submitted to the General Assembly. The Committee was provided with a "mock-up" of the preliminary estimates for start-up costs and requests that it be submitted to the General Assembly.

21. On the basis of recent experience with regard to the consideration of abbreviated budgets for the purpose of providing start-up costs, it appears unlikely to the Committee that a fairly extensive and time-consuming debate on the preliminary estimate could be avoided; the result would be two debates on the same financing requirements, one at the time of submission of the preliminary estimate and another when the budget itself is presented. A prerequisite to this procedure, therefore, would have to be an agreement on basic standard costs and a mutual understanding that detailed discussions would take place at the time of submission of full budget estimates. Moreover, it has not been established that the "one-third" formula for assessment would be required in all cases and this might also be debated by the General Assembly at the time of its consideration of the preliminary estimates.

22. In discussions with the Committee, representatives of the Secretary-General also raised the possibility of increasing from $10 million to $50 million the limit of commitment authority the Committee can grant the Secretary-General in accordance with General Assembly resolution 48/229 of 23 December 1993 on unforeseen and extraordinary expenses for the biennium 1994-1995. According to the ideas put forward by the representatives of the Secretary-General, the resolution on unforeseen and extraordinary expenses would include a provision for the appropriation and assessment on Member States of the amount authorized by the Committee. The proposal to increase the level of commitment authority available was subsequently included in the Secretary-General's updated report (A/49/557). The Committee notes the statement in paragraph 4 of that report that the level of commitment authority was established in 1961 at $10 million; while that is an accurate statement, it should also be pointed out that, starting with General Assembly resolution 44/203 of 21 December 1989 on unforeseen and extraordinary expenses for the biennium 1990-1991, the $10 million limit has been applied per decision of the Security Council, rather than as a cumulative limit. The Committee also notes that the updated report of the Secretary-General does not address the issue of assessment of amounts which would be authorized by the Committee under the resolution on unforeseen and extraordinary expenses. The General Assembly may wish to request the Secretary-General to elaborate on this proposal, especially as it relates to assessment on Member States.

23. The Committee points out that in many cases a limit of $50 million per decision of the Security Council would be far in excess of what is actually required - and that the smaller requirements would not necessarily need to be assessed immediately. For the largest missions, the General Assembly would undoubtedly have to be called upon in any case. The Committee also points out that the $50 million limit per decision of the Security Council could cumulatively amount to a very significant sum in any given year. This observation raises a concern about the availability of reserves sufficient to cover initial cash needs arising out of the approval of such authority.

24. The Advisory Committee requested information on recurrent and non-recurrent costs for new and/or expanded peace-keeping operations during 1993 and their respective patterns of consumption and was informed of the following:

SUMMARY OF PEACE-KEEPING OPERATIONS START-UP COSTS a/

(United States dollars)

Mission	Non-recurrent costs	Recurrent costs	Total
	Established during 1993		
UNOMIL	10 494 300	11 769 700	22 264 000
UNOSOM II	190 977 000	178 300 800	364 269 500
UNOMUR	1 755 300	1 294 400	3 049 700
UNOMIG	476 400	961 300	1 437 700
UNMIH	259 800	557 800	817 600
UNAMIR	20 256 300	11 249 600	31 505 900
	Expansions 1993		
UNPROFOR	110 474 300	43 867 600	154 341 900
UNAMIR	39 714 600	7 420 400	47 135 000

a/ Start-up costs have been defined by representatives of the Secretary-General as non-recurrent costs for emplacement travel, equipment, vehicles and housing plus recurrent costs for three months.

25. As can be seen from the table, there is a wide range of requirements. No one formula can cover this entire range; in the opinion of the Committee, the degree of control and scrutiny exercised by the legislative organs should be related to the level of the amounts required by the Secretary-General. Accordingly, and taking into account the options put forward by the Secretary-General and described above, the General Assembly may wish to consider the following:

(a) For start-up requirements of new and/or expanded peace-keeping operations amounting to less than $10 million, the Secretary-General could request commitment authority from the Committee under existing procedures; these amounts would not be assessed;

(b) For start-up requirements from $10 million to $50 million, a mechanism could be utilized by which the General Assembly could set an upper limit each year for the authority of the Committee against which requirements for new peace-keeping operations or those with expanded mandates could be drawn. The actual period to be covered would depend on the budget cycle established (see

sect. C below). In determining this upper limit, the General Assembly could consider a proposal of the Secretary-General which would include information, inter alia, on the level of resources required for start-up costs in each of the previous two years. The amount set as the upper limit would be appropriated but not initially assessed. After action by the Security Council, the Secretary-General could submit a request (taking into account the upper limit for the year) to the Committee, which would determine the amount of start-up costs to be respectively authorized and assessed and the period to be covered in each case. The mechanism described above would ensure speedy approval of funds up to the limit previously authorized by the General Assembly and would provide an assessment, thus helping to meet immediate cash needs, which under procedures now in place cannot be provided through the resolution on unforeseen and extraordinary expenses. If the upper limit set by the General Assembly proved insufficient before the end of the year the Assembly would have to consider the matter;

(c) Start-up requirements of the largest operations would have to be considered by the General Assembly and this could be done on the basis of the preliminary estimate put forward by the Secretary-General as described in his proposal (see para. 20 above). The General Assembly would, however, in each case decide on the level of assessment depending on the requirements of each particular peace-keeping operation proposal.

26. Thus, initial action by the General Assembly would be restricted to those cases involving only requirements over $50 million for start-up costs. This will ensure a speedier approval in those instances where the requirement would not merit convening the General Assembly and some level of assessment in those instances where the requirement for start-up costs exceeds $10 million.

C. Peace-keeping budget cycle

27. Paragraphs 17 to 22 of the report of the Secretary-General contain an analysis of and proposals with regard to the peace-keeping budget cycle. As indicated in the report:

> "The financial cycles of the 15 ongoing United Nations peace-keeping operations financed from special accounts cover different periods of time, since each one is linked to the mandate period approved for each mission by the Security Council. While most mandates are for six months' duration, they are sometimes extended for shorter periods." (A/48/945, para. 17)

This situation has resulted in budgets for peace-keeping operations appearing throughout the year. Since mandate durations can vary (on occasion mandates have been approved for a few days or weeks only) the budgets and related financial periods for a particular peace-keeping operation can vary from year to year. It is extremely difficult to keep track of the constantly shifting dates and to carry out, under these conditions, the necessary planning which will ensure timely and full consideration in both the Committee and the General Assembly. Indeed, it is likely that at any given time one or more peace-keeping operations are actually operating without legal financial authority since, because of delays in the preparation of the cost estimates, it had not been

possible for the Committee and/or the General Assembly to complete their consideration in time. Examples, at the time of the writing of this report, are the United Nations Operation in Somalia (UNOSOM) and the United Nations Assistance Mission for Rwanda (UNAMIR). Moreover, fully limiting the budget and financial periods to the mandate period often leads to operational, planning and administrative difficulties.

28. An example of administrative burden is compliance with the requirement that the accounts be closed at the end of each financial period and reopened for the next period. Multiple periods for each operation cause considerable additional work in financial record-keeping, both at Headquarters and in the field. Another consequential effect of full linking with short mandate periods is an increase in the number of reports prepared on the financing of peace-keeping operations. The Committee was informed that in 1993 the Secretariat had prepared 77 reports and letters on peace-keeping financing and for 1994 the number is expected to reach 84 (detailed statistics on the reports are contained in annex III. A and B to the present report).

29. The Committee believes that the extended budget cycle would in effect reduce the workload of the Secretariat, as well as that of the Advisory Committee and the Fifth Committee. The Committee was informed that, had the new procedure been in place for 1994, the Secretariat would have prepared and submitted for consideration by the Advisory Committee and the Fifth Committee 23 reports on peace-keeping financing, rather than 53 as currently envisaged. The extended budget cycle would allow Member States to programme their contributions better in their national budget cycles which, in turn, should contribute to improving the cash flow for the United Nations.

30. Accordingly, and bearing in mind its previous recommendation regarding the adoption of a 12-month financial period (A/47/990, para. 42), the Committee recommends approval of the proposals of the Secretary-General in paragraph 21 of his report as they relate to the periodicity of budget review for peace-keeping operations. According to clarifications received from representatives of the Secretary-General this would result in the following:

(a) For peace-keeping operations with budgetary and operational requirements not subject to fluctuation there would be review and approval of a budget once a year, and assessment would be subject to renewal of the mandate by the Security Council;

(b) For other operations cost estimates would be prepared for 12 months but the General Assembly would review the budget twice a year, with assessment subject to renewal of the mandate by the Security Council.

31. One problem not addressed in the report of the Secretary-General, however, is that of the difficulties encountered by all concerned in considering peace-keeping, regular budget and other matters simultaneously. In the opinion of the Committee, this is virtually impossible as was evident at the forty-eighth session of the General Assembly, when (and not only because of considerable delays in the budgeting process) it became necessary to defer consideration of most peace-keeping budgets in order to deliberate the proposed programme budget for the biennium 1994-1995. As a result, the General Assembly,

prior to December 1993, had to provide "bridge" financing for each of the peace-keeping operations deferred and by the time they were taken up again in 1994, each budget had to be rewritten to be brought up to date. Thus, there was not only delay, but considerable additional work was required as well. At the current session, if peace-keeping operation budgets are to be approved before December, it will probably be necessary to defer a great many other items to a resumed session in 1995.

32. The Committee strongly believes that the calendar for the consideration of peace-keeping operations should be formulated in such a way as to afford the Fifth Committee and the Advisory Committee the opportunity for in-depth consideration without sacrificing the ability of either body to carry out other work. In the opinion of the Committee, this can be done only if both the Advisory Committee and the Fifth Committee formalize and rationalize the expanded meeting schedule which has been put in place over the past few years de facto.

33. The Committee therefore recommends that the budget period for peace-keeping operations should be from 1 July to 30 June. The Committee will continue its current practice of meeting in February and March to consider budgets for peace-keeping operations. The reports of the Committee would be ready for consideration by the General Assembly in April and the Assembly would meet for as long as it needed during the period from April to June so that the relevant budgets would be approved prior to 1 July.

34. The new budget period and cycle, if adopted by the General Assembly, could commence with effect from 1 July 1996. The intervening period will allow for the implementation of necessary transition and, in particular, for agreement to be achieved on the basic standard costs and main ratios to be used for better focused reporting and accelerated budgetary process.

35. The recommendation of the Committee in respect of the budget period and cycle would mean that the financial period for maintenance of the accounts would change from a calendar year to a year from 1 July to 30 June in order to maintain a clear link in the financial statements with the implementation of the budget (see para. 33 above). The Committee understands that such a development would in fact assist the Board of Auditors in evening out its workload and alleviating the effects of the massive increase in work due to peace-keeping operations. The Committee understands further that a number of technical issues concerning the accounts would have to be addressed, especially concerning "tie-ins" with the regular budget and the Integrated Management Information System (IMIS); the Committee trusts that this can be accomplished during the transition period referred to in paragraph 34.

D. Performance reports and treatment of surpluses

36. Limitations of the current procedure of performance reporting and the proposed changes thereto are outlined in paragraphs 29 to 31 of the Secretary-General's report. Essentially, the Secretary-General proposes that performance reports be considered separately from the budget estimates and be presented at least three months after the end of the budget period. The

Committee recognizes the difficulties which the Secretary-General has faced in preparing performance reports. The Committee believes that performance reports are of critical importance not only in understanding what has happened, and what is happening, but also in arriving at a considered judgement as to what will be required in the future. The importance of the performance report vis-à-vis peace-keeping operations is underlined by the fact that in current practice, peace-keeping operation budgets are approved in one appropriation line. Actual expenditure on various objects of expenditure can thus sometimes vary significantly from what had been indicated in the initial budget submission. The Committee points to this situation in its discussion of the Financial Regulations below but, in any case, it is necessary for Member States to see at the earliest opportunity exactly how their money was and is being spent.

37. It is for this reason that the Committee believes that more must be done to improve the time lag referred to by the Secretary-General for the preparation of performance reports. Improvements in electronic data processing as well as the development of a better format should enable progress in the timeliness of performance reporting. The Committee has called for improvements in the presentation of performance reports (A/47/990, paras. 3, 4, 7, 8) and reiterates those recommendations at this time.

38. The Committee believes that in addition to full performance data for the budget period which has ended, financial performance data should also be available for at least the first six months of each peace-keeping operation budget period; this would be presented to the Committee and the General Assembly before the budget for the next period is considered and should contain a concise analysis of mission implementation as compared to operational plans, information on deployment of various categories of military personnel and civilian staff, identification of areas that are outside the normal operating parameters and standards set by the standard cost manual and any such information which could be helpful in evaluating the development of a peace-keeping operation. Its purpose would be to provide the Committee with the latest information on developments related to the assumptions underlying the current budget and the financial impact so that the Committee could form a reasonable opinion on the assumptions which form the basis for the proposed budget.

39. The Committee requests that a mock-up for a performance report should be developed and submitted to the General Assembly prior to the end of the forty-ninth session. A report accompanying the mock-up could address the issue of timeliness and include proposals for interim performance reports to cover the most recent period for which data is available prior to the start of a new budget period. The report of the Secretary-General should also propose a timetable for the submission of performance reports, taking into account such budget cycle and financial period as the General Assembly may approve.

40. The treatment of budgetary surpluses is discussed in paragraphs 32 to 36 of the Secretary-General's report, where there are some observations on proposals made by certain Member States in the context of recent debates on the financing of peace-keeping operations (see A/48/945, para. 34). The Committee notes the technical considerations put forward by the Secretary-General (ibid., para. 35); it will be of course for the General Assembly to take a policy decision on how it wishes to proceed in this matter. In this connection, the Committee

recommends that the Secretary-General provide the most up-to-date information available on the status of the existing surplus.

E. Budget format

41. Paragraph 16 of the report of the Secretary-General provides information on modifications required in the format of peace-keeping budgets. The Committee was informed that the primary emphasis would be on standardized costing and a variational analysis which is not present in actual cost data. This analytical presentation could result in the elimination or at least substantial reduction of the textual component (supplementary information) of the cost estimates, and focus on ratio analysis for most categories of equipment. Furthermore, the Committee was informed that a standard cost manual was developed and has been in use since January 1994 for preparing budget submissions for peace-keeping operations; the standard cost manual will be updated once every 12 months, or earlier, if there is a material change in the rates (10 per cent or more). As is indicated in the annex to the Secretary-General's updated report (A/49/557), the second issue of the standard cost manual is now being finalized.

42. In additional information provided to it, the Committee was told that, as part of the process of modification of the format of peace-keeping budgets, a database containing historical statistics and ratio analysis is being instituted which would establish standard interrelationships between staffing, vehicles and communications equipment, as well as other equipment which may be the subject of standardization. The ratios will demonstrate whether or not the operational plans developed were within the normal expectations for a mission. The areas outside normal expectations would be highlighted and would have to be explained in more detail.

43. The Committee was provided with a preliminary mock-up for an annual peace-keeping operation budget which was a consolidated submission for several missions. The Committee was also provided with a summary of the Secretary-General's modifications in the format of peace-keeping budgets, which are as follows:

(a) Future budgets will contain a uniform set of annexes for ease of reference and comparison (see A/48/945, annex IV, for the Secretary-General's proposed list of annexes);

(b) A section will be included to provide comments and responses to observations and recommendations of the Fifth Committee and the Advisory Committee from previous reviews of the budget;

(c) A separate section containing the implementation plan will be included to explain the "conversion" of the political mandate into an operational plan, taking into account mission-specific information such as the political situation, infrastructure, availability of local goods and services, shortcomings, etc.;

(d) Planned expenditure (recurrent and non-recurrent) will be provided on a month-by-month basis;

(e) Supplementary information will be included, showing exceptions to standard costs and standard elements and explaining the rationale for deviations in excess of 10 per cent;

(f) Organigrams will be provided showing the mission's command and control structure;

(g) Tables of statistics and ratios will be included showing interrelationships between military personnel, civilian staff, vehicles, communications equipment, accommodation equipment, electronic data-processing equipment, etc.;

(h) Phased deployment of military and civilian personnel on a month-by-month basis.

44. The Committee welcomes the efforts by the Secretary-General to modify the format of peace-keeping budgets. However, the Committee is not in favour of a consolidated budget submission, and believes that a separate budget should be submitted for each peace-keeping operation. This position of the Committee is based on the fact that there is currently a separate account and financial statement for each peace-keeping operation and that the expenses for each peace-keeping operation are separately assessed.

45. The Committee also welcomes the development of the standard cost manual which was given to it at this stage for information. The Committee points out that determining the specifications for equipment is a critical element in determining the standard costs and should be subject to scrutiny by independent experts. The Committee intends to work with the Secretariat in the development of the manual, and trusts that in the coming months the manual will be fully developed to ensure the availability of realistic cost standards and equipment specifications, bearing in mind that equipment supplied should not be more sophisticated than the needs of the mission. Once developed, the manual should be brought up to date at regular intervals. It would be made available to Member States with a brief summary of how it should be used.

46. The Committee reiterates its recommendation that the Secretary-General should develop an improved presentation of voluntary contributions and a description and cost estimates of activities financed from voluntary contributions and other sources (see A/47/990, para. 9 and A/49/501, para. 11).

47. The Committee recommends that a mock-up budget for a single peace-keeping operation, reflecting the modifications proposed by the Secretary-General and the concerns expressed by the Committee and by the General Assembly at its forty-ninth session, be submitted before the fiftieth session of the Assembly.

F. Financial Regulations and Rules

48. A number of the proposals being made by either the Secretary-General or the Committee, or decisions in the General Assembly, in connection with this current exercise, will no doubt need to be expressed in the form of new or revised financial regulations, rules and procedures. Order, predictability and

accountability in the management of peace-keeping operations will be enhanced only if a clear set of regulations, rules and procedures are consistently followed.

49. Peace-keeping budgets have traditionally been presented and discussed by object of expenditure but the appropriation has been on the basis of a single total amount which the Secretary-General can administer with flexibility, explaining in performance reports within subsequent budget submissions the differences between initial allocations (on the basis of the initial budget) and the actual pattern of expenditures. In view of the enormous size which the budgets of some peace-keeping operations have reached, such as that for the United Nations Protection Force (UNPROFOR), the Committee believes the time has come to consider whether appropriations for peace-keeping operations should be approved on some other basis. The General Assembly may wish to request the Secretary-General to submit proposals on this together with his proposals on the financial regulations.

50. In the interest of transparency, there are a number of practices which need to be explained to the General Assembly so that procedures utilized with regard to the financial management of peace-keeping operations are fully known and understood. One of these is the practice of borrowing from and between special accounts. The Committee recognizes the day-to-day exigencies which exist in the management of the financial resources of the United Nations. On the other hand, it points out that such cash borrowing may have occurred even from special accounts relative to those operations whose political mandates have ended and where financial liabilities exist. This inevitably affects the extent and speed with which the obligations can be met. The Committee believes that this practice should be clearly explained and justified vis-à-vis the existing financial regulations, and amendments proposed if necessary.

51. The question of delegation of authority from Headquarters to the field is another matter which, although within the prerogatives of the Secretary-General, is of considerable interest and importance to Member States. It may involve not only delegation from Headquarters to the Special Representative of the Secretary-General but from the operational headquarters to the operational sectors. The Committee, during the course of its visit to UNPROFOR and on the basis of subsequent information, understands that a number of steps have been taken and others are contemplated to increase operational authority in the field, particularly as concerns peace-keeping operations. The Committee believes that these measures should be brought to the attention of the General Assembly, together with texts of proposed amendments to the financial regulations (if necessary) and changes to the financial rules.

52. The policy of the Secretary-General with regard to recording, reporting and the payment of the obligations of the Organization and any priorities in that regard also, in the opinion of the Committee, need to be brought to the attention of and explained to the General Assembly.

53. The Committee trusts that the above-mentioned matters, together with relevant proposals for the Financial Regulations, will be addressed in a report to be submitted by the Secretary-General prior to the fiftieth session of the General Assembly.

IV. PUBLIC INFORMATION ACTIVITIES

54. The Committee agrees, in principle, with the distinction made by the Secretary-General with regard to the source of financing of public information activities, namely, that the United Nations regular budget should be utilized for dissemination of information related to peace-keeping operations, but that public information activities specific to a particular operation should be financed from the individual peace-keeping budget account. At the same time the Committee believes that the mandate for such public information activities as could be financed from the budgets of peace-keeping operations should be specifically spelled out in the relevant resolutions of the Security Council.

V. AUDIT

55. The Committee notes from paragraph 48 of the Secretary-General's report that "a resident internal auditor will be assigned to each of the large field missions, whose task will be to ensure adherence to the Rules and Regulations of the United Nations governing the conduct of these operations, including financial, staff, procurement and so on". On inquiry, the Committee was informed that, currently, there are two resident auditors in the two largest United Nations peace-keeping operations, UNOSOM and UNPROFOR. In connection with the statement in paragraph 48 of the report that "several audits will be organized each year to be performed by Headquarters staff", the Committee understands that additional auditors from Headquarters will be sent not only to missions where no resident auditor post has been established, but also to missions where such posts exist (UNOSOM and UNPROFOR).

56. The Committee welcomes the efforts of the Secretary-General to strengthen internal audit functions in peace-keeping operations. At the same time, further attention should be paid, in the view of the Committee, to a number of concerns such as the objectivity (vulnerability of an isolated resident auditor) of resident auditors, their independence and a better delineation of their responsibilities, including a clear requirement that auditors should not participate in the decision-making process or assume line responsibilities. Furthermore, the Committee points out that the use of resident auditors should be decided on a case-by-case basis. In this connection, the Committee believes that there is a need to develop criteria for determining the number of resident auditors as well as a need to explore alternative methods of enhancing these functions, such as the use of audit teams from Headquarters and other United Nations duty stations and contracting with specialized audit firms.

57. With regard to the concept of roving finance officers, which is being introduced, the Committee notes from annex I.B to the present report, on the composition of survey missions, that finance officers were included in the survey missions to Tajikistan and Georgia. As stated in section II above, the Committee welcomes the inclusion of finance officers in survey missions, since, in its view, this would contribute to better costing, planning and administration of peace-keeping operations and special missions. The Committee trusts that further development of the concept of roving finance officer would be undertaken within the existing resources of the Organization and would not entail additional staffing requirements. Furthermore, the Committee is of the

view that, in order for the concept to be successfully implemented, it would require clearer and more detailed guidelines.

58. The Committee recalls that it had pointed out (A/47/997, para. 16) that one of the functions that needed strengthening was management advisory services in missions. The Committee understands that in order to ensure that management procedures and practices are in compliance with the United Nations Regulations and Rules, missions should be provided with certain level of management capacity. This should contribute to a preventive treatment of weaknesses in programme implementation. The Committee was informed that the Secretariat is developing a concept of management review officers in peace-keeping operations and special missions which will be submitted for the Committee's consideration during the forty-ninth session of the General Assembly. In this connection, the Committee is of the opinion that this function should be carried out from within existing staff resources, bearing in mind that responsibility for management review is an integral part of the administration and management of peace-keeping operations.

VI. PERSONNEL

59. Section IV (paras. 42-75) of the report of the Secretary-General deals with personnel issues. Among the issues of particular interest to the Committee, and which it has discussed at length with the representatives of the Secretary-General, were the start-up team roster, stand-by arrangements, audit and finance personnel, personnel recruited specifically for mission service, seconded personnel, international contractual personnel, United Nations Volunteers, rotation and duration of duty for mission staff, mission subsistence allowance and death and disability benefits.

A. Start-up team roster

60. In paragraphs 42 to 44 of his report, the Secretary-General outlines the intention to establish in the Secretariat a roster of specialists for mission start-up teams which would be composed of personnel qualified to undertake the planning and initial setting-up of a field mission. The members of start-up teams are replaced in due course by staff designated to administer the mission. In this connection the Committee recalls the recommendation of the Joint Inspection Unit (JIU) with regard to a core team contained in its report on staffing of the United Nations peace-keeping and related missions (civilian component) (A/48/421, annex). Upon inquiry, the Committee was informed that the concept of start-up teams is essentially a reaction to the lack of a rapid response capacity within the Secretariat, intended to ensure that suitable qualified staff are made available right at the outset to start missions. Furthermore, the Committee was informed that efforts are made to utilize members of the survey missions to form part of start-up teams. The Committee was not provided with sufficient information on the length of stay of the start-up team in the mission, the existing criteria for inclusion in the start-up team roster (further clarifications are required), the detailed breakdown of functional responsibilities, the origin and availability of the members of the team and the tasks they have to discharge before and after they are sent to the mission. The

Committee trusts that this will be provided during the forty-ninth session of the General Assembly. In this connection, the Committee expects that any personnel held over between missions to serve as "trouble-shooters" (see A/48/945, para. 44) would be existing staff and that new posts will not be required for this purpose.

B. Stand-by arrangements

61. In connection with the Secretary-General's information on stand-by arrangements for peace-keeping (see A/48/945, para. 45, and S/1994/777), the Committee was informed that currently 28 Member States have agreed to participate in a stand-by arrangements system, to make available on short notice resources for deployment to peace-keeping missions. The Committee was further informed that the stand-by arrangements cover mostly military personnel at this stage. In this connection, the Committee points out that the General Assembly in its resolution 48/42 encouraged Member States, to the extent that their domestic arrangements permit, to develop, in cooperation with the Secretariat, arrangements for military, police and civilian personnel to participate in peace-keeping operations. Furthermore, the Committee recalls that JIU had recommended "creating in Member States a stand-by reserve of civilians to serve in peace-keeping operations" (see A/48/421, annex). In view of the above, the Committee requests the Secretary-General to look into the possibility of finding practical ways of implementing the arrangements outlined in General Assembly resolution 48/42 and the recommendations of JIU.

62. The Committee notes from paragraph 45 of the Secretary-General's report that "under the system, Member States retain the right to decide in each case whether or not to participate in an operation". In this connection, the Secretary-General should attempt to ascertain from Member States and keep an updated record of the circumstances under which they will provide troops. In the opinion of the Committee, stand-by arrangements for military personnel should also cover the necessary equipment to the extent that it can be identified.

63. The Committee recalls that in its report on the financing of UNPROFOR (A/48/878, para. 28), it recommended that an effective system of accounting be developed in respect of troop strength and that clear instructions be provided to the military authorities in this regard. The Committee understands that a system is being developed and trusts that information on its implementation will be provided when available. Moreover, the Committee recommends that this system be broadened to cover all types of personnel, military or civilian, whether on loan or secondment.

C. Personnel recruited specifically for mission service

64. In paragraph 49 of his report, the Secretary-General outlines the arrangements relating to personnel recruited specifically for mission service. The Committee notes from that paragraph that the promulgation of the revised 300 series of the Staff Rules will greatly improve the ability of the Organization to recruit and deploy staff, at short notice and with minimum

overhead costs, for mission service. The Committee understands that this addresses, inter alia, the JIU recommendation that "new and more flexible staff rules and staff regulations, staff policies and relevant procedures should be promulgated" (see A/48/421, annex). The Committee was advised that one of the most important features of the arrangement is closely related to the requirements of security of personnel and their ability to operate and travel within the mission area, since holders of limited-duration appointments, unlike holders of special service agreements, will have the status of staff members and thus come under the terms of the Convention on the Privileges and Immunities of the United Nations.

65. Furthermore, during the consideration of this issue, the representatives of the Secretary-General informed the Committee that the Assistant Secretary-General for Human Resources Management had authorized, effective from 15 September 1994, the commencement of the pilot project for the revised 300 series rules. The initial phase of the project is for the application of appointments of limited duration for locally recruited General Service staff at all special missions. The Committee was informed also that the pilot project had been implemented at UNPROFOR and that it was the Secretary-General's intention to expand it to other locations.

66. The second phase of the pilot project has been authorized for the recruitment of non-career Professional and non-local General Service staff at the special missions. It is anticipated that recruitment under the appointments of limited duration of the non-career Professional and non-local General Service staff for two missions will commence prior to the end of 1994. The Committee was informed that the Office of Human Resources Management, in consultation with the Department of Peace-keeping Operations, the Department of Humanitarian Affairs and the International Civil Service Commission (ICSC), is developing a monitoring and assessment programme to ensure a comprehensive and ongoing review of the pilot project. The Committee trusts that the results of the assessment will be provided for its consideration. The Committee appreciates the effort of the Secretary-General to find new ways of expeditious recruitment and deployment of staff for mission service. At the same time, the Committee cautions against a proliferation of categories of staff with their own specific contractual arrangements with the Organization. In this connection, the Committee notes that appointments of limited duration arrangements exist in a number of United Nations programmes, such as the United Nations Development Programme. The Committee trusts that a uniform set of arrangements can be developed for all personnel serving under appointments of limited duration and understands that this matter is currently being reviewed by ICSC.

D. Seconded personnel

67. The Committee recognizes difficulties relating to obtaining experienced personnel for peace-keeping missions (see A/48/945, paras. 51 and 52), and notes that only one agreement for provision of staff through loan or secondment has been signed to date with a Member State. The Committee recalls in this connection that the General Assembly in its resolution 48/42 encouraged Member States, to the extent that their domestic arrangements permit, to develop, in cooperation with the Secretariat, arrangements for military, police and civilian

personnel to participate in peace-keeping operations. The Committee would welcome further efforts by the Secretary-General to implement this provision of the resolution.

E. International contractual personnel

68. Paragraphs 53 and 54 of the report of the Secretary-General, which deal with international contractual personnel, provide an update and a summary of his report on the use of civilian personnel in peace-keeping operations (A/48/707). The Committee notes from that report that "by mid-1992, a serious staff shortage had developed in UNPROFOR" and that "to alleviate the problem and allow the operation to carry out the mandate, an innovative means of recruitment had to be devised" (A/48/707, para. 19). It was against this background that a pilot project was started in November 1992 to acquire urgently the services of civilian support personnel (mainly in technical and trade-related areas) by contract through international service agencies.

69. In the information provided to it in writing, as well as during its visit to UNPROFOR in July 1994, the Committee observed a number of instances where there was a lack of clear functional differentiation between international contractual personnel and staff members and where international contractual personnel appeared to be performing "core functions" and supervising United Nations personnel. The Committee was very concerned that international contractual personnel occupy positions in UNPROFOR far from being technical and trade-related, such as chief field administrative officer, budget officer, personnel officer, administrative officer, office manager, planning officer, property management officer, protocol officer, research officer, etc. Among other areas of concern for the Committee were (a) the lack of clear guidelines and regulations relating to the recruitment procedure; (b) the absence of clarity in the subject of contracting, i.e., whether the contractual arrangement is for the provision of personnel or for services (the application of the Convention on the Privileges and Immunities of the United Nations to contractual personnel will depend on clarification of this matter); (c) implementation of the principle of equal pay for equal work and its effect on staff morale and the standing of the United Nations as an employer; (d) cost-effectiveness of international contractual personnel as compared to other categories of personnel, which remains to be demonstrated considering that international contractual personnel at the C-8 and C-7 levels are approximately a United Nations equivalent of P-5 and P-4, respectively, and that the cost to the United Nations of military specialists remains modest; (e) a possible de facto creation of a parallel system of recruitment, placement and promotion outside the established United Nations rules and regulations; (f) a tendency to redefine the requirements of a position after it has been filled by a member of the international contractual personnel; (g) a tendency to underutilize local staff in favour of international contractual personnel and even international United Nations staff. The Committee also expresses concern that the international contractual personnel system has been a means of providing a "back-door" entry to the United Nations.

70. During its visit to UNPROFOR, it became also evident to the Committee that geographical representation in the category of international contractual

personnel was limited. On request, the Committee was provided with various statistics relating to international contractual personnel in UNPROFOR and with additional information on international contracting agencies. The statistics convincingly demonstrate that there are serious problems in the contracting practices of UNPROFOR. For instance, as at 13 August 1994, 52 per cent of the 1,314 international contractual personnel on board in UNPROFOR were from four countries. The Committee points out that there was some improvement in the geographical representation, compared with the month of April 1994, when out of 697 international contractual personnel on board, 74 per cent were from the same four countries. The geographical representation among the six international service agencies which contract all the international contractual personnel for UNPROFOR is also quite narrow, all of them being from the same region. The Committee points out that the cost-effectiveness of international contractual personnel could have been higher if the geographical representation among this category of personnel and among the international service agencies had been more balanced. The Committee was informed that the cost of the international contractual personnel for each occupational group is negotiated bilaterally between the United Nations and the international service agency on the basis of criteria related to the labour market in some countries. Upon inquiry, the Committee was informed that, if the cost was negotiated at a lower level, the international contractual personnel would include more nationals from low-cost countries.

71. While the Committee was provided with some information on the profiles of the international service agencies, it was unable to obtain adequate information on the background and experience of some of the companies selected to participate in UNPROFOR; the Committee was also unable to obtain any copy of the basic contract from the representative of the Secretary-General or of the contract between an international service agency and a member of the international contractual personnel. The Committee was concerned at some of the procedures followed in identifying and selecting those companies, as well as the personnel. The Committee was also not convinced that the qualifications of all international contractual personnel were such as to be unavailable within the United Nations system, Member States, United Nations Volunteers or local staff, or through the normal recruitment procedures.

72. In view of the above, the Committee recommends that the implementation of the pilot project on the use of international contractual personnel, which was a reaction to extraordinary circumstances, should not be extended beyond UNPROFOR and further recruitment of international contractual personnel should be suspended, pending a thorough and independent investigation and evaluation by the Office of Internal Oversight Services. The results of the investigation should be provided for the Committee's consideration during the forty-ninth session of the General Assembly. This recommendation of the Committee is also in line with that of JIU for "further examination of resorting to contractual arrangements" (see A/48/421, annex). In the meantime, the Committee recommends that the Secretary-General focus his attention on further developing the existing mechanisms and procedures and exploring available alternatives (more extensive use of United Nations Volunteers and personnel seconded by Governments and local staff) for the provision of the additional personnel needed for the establishment or strengthening of a peace-keeping operation. In view of the above, the Committee requests the Secretary-General to outline in his next

report on the financing of UNPROFOR the measures necessary for the successful implementation of the above recommendations.

F. United Nations Volunteers

73. The Committee met with the Executive Director of the United Nations Volunteers programme and was informed that the programme has a roster of about 6,000 candidates in more than 150 professions from more than 140 countries. Candidates from developing countries make up approximately 76 per cent of the roster. The range of skills includes administration, agriculture, communication, education, engineers, technicians, skilled trades, health, human settlements/construction, natural sciences and social sciences.

74. The Committee notes that in paragraph 55 of his report the Secretary-General points out that the utilization of United Nations Volunteers "often results in considerable savings to the Organization" because they provide their professional services at modest remuneration. The Committee received information on the costs of the Volunteers and found that they vary, sometimes considerably, depending on location. For peace-keeping operations, the Committee was informed that an average cost per Volunteer is estimated at $4,200 per month. The breakdown of this estimate and its relationship to remuneration of other staff and personnel of peace-keeping missions (the United Nations Operation in Mozambique (ONUMOZ) is taken as an example) is illustrated in annex IV.A and B to the present report.

75. The Committee believes that the use of United Nations Volunteers is a means of providing a wide range of services to peace-keeping operations and humanitarian operations at a relatively low cost compared to the use of regular United Nations staff. However, in order to improve efficiency, steps need to be taken to refine current procedures in the planning for and the speedy provision of Volunteers, as well as the administration and management of the programme once they have been deployed in peace-keeping operations and humanitarian operations. In planning, the programme should be contacted at the earliest opportunity with an indication of the number of Volunteers and skills that are being sought.

76. The Committee was given three examples of memoranda of understanding for the use of United Nations Volunteers in the United Nations Transitional Authority in Cambodia (UNTAC), the United Nations Observer Mission in South Africa (UNOMSA) and UNOSOM. The Committee noted that the structure and content of the memorandum of understanding differed, as did the description of the functions of the field administrative unit. In the opinion of the Committee there should be one standard format for the memorandum of understanding. There is also a need to clarify the basis for the United Nations Volunteer administrative unit in the field and to standardize the allowance package for Volunteers. The Committee trusts that all aspects of administrative costs and remuneration and entitlements of United Nations Volunteers will be followed closely to ensure that they retain their cost-effectiveness.

G. Rotation and duration of duty for military personnel

77. From paragraph 62 of the report of the Secretary-General, on the issue of rotation and duration of duty for mission staff, the Committee notes that the question of the duration of duty of military personnel and the timing of rotation is currently under study. The Committee is aware of savings realized for the United Nations as a result of the extension in the duration of duty of some military contingents. The Committee believes that the study could address, inter alia, the issue of extending the duration of duty of military personnel, including ways and means of facilitating such extension. The study should also address the question of the duration of duty in the mission of military officers assigned to administrative, planning or logistics functions. The Committee trusts that the results of the study will be provided to it for consideration.

H. Rotation and duration of duty for civilian personnel

78. The Committee recalls that in his report on the use of civilian personnel in peace-keeping operations (A/48/707, para. 9), the Secretary-General outlined the basic principle of the rotation policy with regard to the participation of United Nations staff in peace-keeping operations, namely, that "although the Secretary-General has the authority to assign staff members to duty stations anywhere in the world, it has been the policy to assign to peace-keeping operations only those who volunteer for such service". The Committee was provided, upon request, with additional information on this matter which is contained in annex V to the present report.

79. It came also to the attention of the Committee that at the present time there are no rules and regulations determining the rotation of the civilian personnel of peace-keeping operations and special missions. The Committee believes that the policy and procedures with regard to rotation and duration of duty of mission staff should be clarified and put on a solid legal basis. Therefore the Committee recommends that a policy statement to govern the rotation of mission staff be provided to the Committee for its consideration before the end of the forty-ninth session of the General Assembly.

I. Mission subsistence allowance

80. Paragraphs 63 to 66 of the report of the Secretary-General (A/48/945) deal with mission subsistence allowance, payable in accordance with staff rule 103.21. In paragraph 63 the distinction between staff who are temporarily detached from their parent duty station and those who are specifically recruited from outside the United Nations system is described. According to information received by the Committee, staff in the first category receive salary and post adjustment at the parent duty station rate plus mission subsistence allowance; staff in the second category receive salary at the local rate plus subsistence allowance. Both categories of staff receive hazard pay. Recognition of hardship is incorporated in mission subsistence allowance, as described in annex VI.

81. The Committee was informed that the temporary duty of staff assigned from a United Nations duty station may last anywhere from three months to more than four years. The Committee understands that the rationale for paying such staff at the home duty station rate plus post adjustment (at the same rate) is based, at least in part, on the fact that it can be expected that such staff will have to maintain a household at the home duty station during a mission assignment and on the policy established by the Secretary-General, cited in paragraph 78 above. The Committee therefore recommends that the Secretary-General be requested to review the entitlements of staff assigned to missions, with a view to ensuring that the allowances paid are commensurate with the exposure of the staff member to expenses as the result of mission service (taking into account the staff member's family status) and to ensuring that the policy in this regard is transparent and supports the goals and objectives of the Organization. Among the options to be explored could be a gradual diminution, after the first year, in the amount of post adjustment paid (and the differential between rates of pay at home and assignment duty stations) as the length of service progresses. This review should also include a re-examination of mission subsistence allowance, its purpose and the basis on which it is established.

82. The Committee notes from paragraph 64 of the report that "mission subsistence allowance represents the total contribution of the Organization towards living expenses incurred in the special mission area, which are determined on the basis of accommodation, food and incidental expenses". The Committee points out that mission subsistence allowance is authorized in lieu of mobility and hardship allowances, assignment grant and any post adjustment to the area applicable under staff rule 103.7 (a). Upon request, the Committee was provided with additional information on procedures for the establishment and periodic review of mission subsistence allowance rates, which is contained in annex VI to the present report. However, in some missions, meals and/or accommodation are provided by the United Nations with a nominal reduction in mission subsistence allowance.

83. As follows from the additional information provided to the Committee, when a new special mission is established, a survey is conducted by a compensation specialist from the Office of Human Resources Management for the purpose of gathering data on living expenses and determining the initial mission subsistence allowance rates. A survey report with related recommendations is then submitted to the Director of Personnel who promulgates mission subsistence allowance rates on behalf of the Secretary-General. Subsequently, field missions are undertaken from time to time by compensation specialists for the purpose of conducting comprehensive reviews of the different elements and costs taken into account in arriving at the initial rates. Between comprehensive reviews, the rates are also adjusted periodically on the basis of information on the level of living expenditures in the mission provided by the administrative services of the mission.

84. The Committee notes from paragraph 64 of the report that the daily subsistence allowance rate for a duty station is taken into account as a reference point in establishing the initial rate of mission subsistence allowance. Moreover, in paragraph 66 of his report the Secretary-General states, inter alia, "the main difference between daily and mission subsistence allowance rates is that the former are intended to compensate for stays of short

duration, whereas the latter normally reflect longer duration in a location". In this connection, the Committee recalls that it had requested a review of the methodology for the determination of mission subsistence allowance rates and their application (A/47/990, para. 20). The report of the Secretary-General does not contain any information with regard to that recommendation of the Committee. Therefore the Committee reiterates its request.

85. In connection with the practice of establishing mission subsistence allowance rates by dispatching survey missions from the Office of Human Resources Management, the Committee questions whether these rates can be established on the basis of statistics available in ICSC, or on the basis of a certain ratio of mission subsistence allowance to daily subsistence allowance. The Committee recognizes the difficulties relating to the fact that the norms and procedures used for establishing daily subsistence allowance rates may not be applicable to the specific conditions of peace-keeping missions. The Committee recommends that the Secretary-General look into this matter with a view to ensuring that a comprehensive, flexible and transparent mechanism for establishing mission subsistence allowance rates is in place, and report to the Committee on the issue before the end of the forty-ninth session of the General Assembly.

J. Death and disability benefits

86. In paragraphs 67 to 71 of his report, the Secretary-General outlines, in respect of contingent personnel, the main features of the current system of compensation for death, injury and disability and seeks guidance from Member States with regard to the following alternative options:

(a) To apply the policy currently used for military observers whereby reimbursement is limited to twice the annual salary excluding allowances, or $50,000, whichever is higher;

(b) To maintain the current arrangements subject to a ceiling the Member State may wish to determine.

Additional information received by the Committee during its consideration of the issue is provided in annex VII.A, B and C to the present report.

87. The procedure followed for claims relating to death, injury and disability is different from that relating to troop costs, for which there is standardized reimbursement. In the first instance, claims are settled by the respective Governments on the basis of national legislation. The United Nations then reimburses the Governments at present value for compensation paid or to be paid in the future, provided that the claim has been duly certified as based on payment properly made in accordance with entitlements defined in national legislation. The Committee was provided, on request, with statistics on the range of individual claims by various Governments and the related payments for the period from end 1992 to September 1994, as follows:

Range of individual claims received

Death: from $19,500 to $653,100

Disability: from $1,500 to $3,244,700*

Range of individual payments made to date

Death: from $19,500 to $85,300

Disability: from $1,500 to $224,200*

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* These amounts are in respect of a wide variety of injuries.

However, in spite of repeated requests, the Committee was not provided with statistics on the mission claims received and cases settled by the Secretariat.

88. The Committee points out that the issue of compensation for death, injury and disability is a complicated one with a long history of debate. The Committee believes that there are several principles which should underlie consideration of this issue. Paramount among them is the principle of equal treatment of States which governs relations between the Organization and its Members. Also to be considered is the principle that actual compensation to the beneficiary should not be lower than reimbursement by the United Nations, and the requirement that whatever system is applied should be easy and economical for the United Nations to administer.

89. In the opinion of the Committee, the report of the Secretary-General does not provide sufficient information on the extent to which the various criteria are met by the present regime; nor does it specify the rationale for selecting these two options from many other alternative solutions to the problem. For example, the Secretary-General could explore the possibility of replacing the present system of payments with the establishment of insurance schemes, including self insurance, which, on a global or on a national basis in the latter case, could incorporate a premium in the rate of reimbursement to troop contributors as a factor for the risk of death or injury. Another possibility, which has not been put forward in the report of the Secretary-General, is to provide for a standard reimbursement scale similar to that now being applied to reimburse troop contributors.

90. The Committee believes that the possibilities it has raised above, together with those outlined by the Secretary-General, deserve serious consideration. The Committee acknowledges, however, that it is difficult to devise any system which would fulfil all the criteria listed above. In fact, the criteria may even be mutually exclusive. In the ultimate analysis, the Committee believes that a policy decision is required by the General Assembly to resolve the issue.

VII. MISSION START-UP KITS

91. In paragraphs 76 and 77 of his report (A/48/945) the Secretary-General deals with mission start-up kits. The Committee recalls that the General Assembly, by its resolution 48/42, took note of the recommendations of the Secretary-General concerning the timely provision of basic peace-keeping equipment and suggested the development of a limited revolving reserve of such equipment within existing resources. The Committee understands that the idea of start-up kits represents a further development of the previous proposal of the Secretary-General (see A/45/493/Add.1) with regard to the need for a revolving reserve stock of basic equipment and supplies to allow new missions to become operational as quickly as possible.

92. The Committee was informed that start-up kits are essentially planning tools for facilitating the start-up of new missions. It was also informed that it was not the intention of the Secretariat to seek any additional resources for establishing a start-up kit. As indicated in the Secretary-General's report, it is the intention of the Secretariat to utilize surplus assets from existing missions to compile five small mission (i.e., up to 500 personnel) start-up kits, in order to provide ready capability for new missions. These start-up kits would be dispensed at the start of a new mission, pending the finalization and approval of a budget, which would include the relevant component costs of the kit items provided. Thus, the start-up kit, which would provide operational self-sufficiency for the first three months, in respect of 100 staff, would be replenished after approval of the budget for the new mission.

93. The Committee was also informed that the inventory value of a start-up kit for a small mission amounted to approximately $4.2 million. The key components of a start-up kit for a small mission are the following:

(a) Tentage and related technical equipment;

(b) Transportation equipment;

(c) Communications equipment;

(d) Office automation equipment and applications;

(e) Medical items;

(f) Supplies;

(g) Office furniture and equipment.

94. The Committee understands that a larger start-up kit of essentially the same components but in larger quantities would be prepared for medium-sized missions.

95. In explaining this list, representatives of the Secretary-General informed the Committee that the Organization was confronted with the logistic task of supporting rapid emplacement of personnel in remote locations which were often without an infrastructure or source equipment minimally to sustain such

deployment. In responding to this need, the infrastructure component of the start-up kit would provide for rudimentary life-support accommodation, which includes collapsible office containers, tentage accommodation, field ablutions, field kitchen facilities, basic water and power supply and distribution installations, and related spare parts and supplies.

96. Upon further inquiry about the content of the other elements included, the Committee was informed that the transportation component of a start-up kit contains rough terrain 4x4 vehicles with United Nations markings, equipped with standard communications equipment permitting immediate commencement of monitoring, observation or logistics support duties once deployed in the area of operation. In addition, an assortment of utility vehicles such as ambulances, forklifts and container handling equipment, spare part packages, tools and workshop equipment are provided.

97. The Committee learned that the communications component of a start-up kit includes a rapid deployment telecommunications shelter to facilitate the immediate establishment of communications links, both on a global basis through satellite earth stations providing linkage to the international communications network, and locally through VHF and HF installations, permitting a rapid commencement of basic information exchange for voice, data and facsimile messages. In addition, the start-up kit includes office automation equipment such as personal computers pre-loaded with standard office software and specialized application packages for the key administrative functions, namely, procurement, accounting, property control and personnel management.

98. Medical and other supply items contained in the start-up kits provide the essential material to sustain a credible presence in the area of operation, including commodities such as medicine, water and fuel bladders, defence stores and mine-clearing equipment. In order to enable the mission to function immediately in a work environment conducive to efficient administration and support, stationery stores, accoutrements, observation items, office furniture and equipment are provided. The Committee took note that the start-up kit did not yet include a component for air operations and air safety, but was informed that the necessary components had just been compiled and would be added to it.

99. The Committee was informed that mission start-up kits would be stored and maintained at Brindisi Airbase in Italy. The Committee during its trip to UNPROFOR also visited the Brindisi Airbase, the United Nations Supply Depot at Pisa and the warehouse facilities at Split. Regarding existing storage facilities at the Pisa depot and at Split, the Committee was informed that the former was basically a warehouse facility with limited space capacity, while Split was a rear logistics support base for UNPROFOR. The facilities at Brindisi on the other hand would have full logistics capability, thus enabling the United Nations to repair and refurbish equipment for service for the next mission. The Committee was informed that the facility at Pisa would continue to be required for at least the next few years. The Committee was also informed that the existing logistics support base at Split was overloaded and difficult to manage, and that it could not be expanded for additional use without incurring additional costs, such as rental and refurbishment of premises.

100. According to additional information provided to the Committee, the United Nations and the Government of Italy have agreed on a memorandum of understanding and implementation agreement which would provide rent-free use of selected areas of the Brindisi Airbase. Formal signing is expected to take place in November 1994. Under the terms of this agreement, the United Nations will pay for utilities and minimal maintenance expenses associated with the premises and the facilities it occupies. The Government is exempting United Nations humanitarian and peace-keeping-related activities to be performed at the base from any taxes and duties, and will provide assistance in expediting customs procedures. The Committee was also told in the course of its deliberations that the warehouse and maintenance facilities at the Brindisi base may require 50 to 60 personnel.

101. The Committee notes that this project will entail significant financial and administrative implications and points out that this has not been brought to the attention of the Committee and the General Assembly.

102. Moreover, in the course of the deliberations it became evident to the Committee that a number of issues, such as financial and personnel arrangements, cost parameters, legislative justification, issues of ownership of stocked equipment, accounting procedures, and alternatives for start-up kits remain to be resolved. The Committee recommends, therefore, that a detailed report on this issue, including all aspects of the proposed use of the Brindisi base as a storage and maintenance facility for start-up kits, be submitted for consideration before the end of the forty-ninth session of the General Assembly.

Procurement procedures

103. In paragraphs 80 and 81 of his report, concerning procurement procedures, the Secretary-General outlines his intention to increase the limits established for the local committees on contracts and to expand the authorized procurement areas, while maintaining the central Headquarters procurement system for standardized equipment on a global basis. This should be done, in the view of the Committee, taking into account the related recommendations of the Board of Auditors on procurement in peace-keeping operations in paragraph 9 of its report (A/49/5, vol. II, sect. II).

VIII. EQUIPMENT

Reimbursement for contingent-owned equipment

104. The Committee recalls that in the recent past it has drawn attention to the fact that, for most peace-keeping operations, no reimbursement for contingent-owned equipment had actually been paid until September 1994, when advances against actual reimbursement were made. The Committee points out that this was in part due to lack of clear guidelines, to lack of sufficient documentation in claims and to the unavailability of financial resources.

105. The Committee notes that in paragraph 83 of his report the Secretary-General proposes far-reaching measures aimed at reforming the current system of reimbursement for contingent-owned equipment, the deficiencies and limitations of which are described in paragraph 82 of his report. The Committee points out once again that the current procedures for determining reimbursement to Member States for contingent-owned equipment, which require protracted negotiations on the value of equipment, are cumbersome and should be simplified. The Committee had discussed this problem in a number of its previous reports on the financing of peace-keeping operations, including A/47/990. The Committee recalls that the practice of reimbursement to Governments for contingent-owned equipment was established on the principle of net diminution in value of equipment while in use in the mission area. This was developed in consultation with troop-contributing Governments in the context of the United Nations Emergency Force (UNEF) and UNDOF and became fully operational in 1976. The formula devised for reimbursement to Governments (30 per cent, 30 per cent, 20 per cent, 20 per cent) was based on the premise that ownership of the item of equipment after depreciation would be fully paid for and vested in the United Nations unless otherwise agreed. Consequently, the Model Agreement between the United Nations and Member States contributing personnel and equipment to United Nations peace-keeping operations (A/46/185, annex) included the following paragraph:

> "The value of all Government/contingent-owned equipment and other supplies made available to the United Nations shall be determined upon their arrival and departure from [the United Nations peace-keeping operation]. The United Nations shall reimburse the Government of [participating State] as compensation for usage of the equipment in the amount of the difference between the value of the equipment at the time it is brought in and the residual value when it is repatriated, in the case of short-term missions, or, in the case of missions extending over several years, at rates of 30 per cent, 30 per cent, 20 per cent and 20 per cent per annum respectively over a four-year period. In the case that the full incoming value of the equipment is reimbursed to the Government of [participating State], the residual value of outgoing equipment at the completion of an operation shall be credited to the United Nations."

106. The Committee recognizes that the current procedures of reimbursement for contingent-owned equipment have become increasingly unmanageable owing to the lack of explicit guidance governing such equipment, and the lack of experienced staff capable of managing an ever-increasing volume of claims relating to contingent-owned equipment, in addition to difficulties in determining appropriate reimbursement levels for specific items of equipment. Consequently,

this has resulted in delays in processing claims for reimbursement for contingent-owned equipment. The Committee was informed, on request, that as at 31 December 1993 the outstanding claims in respect of contingent-owned equipment were approximately $320 million.

107. The Committee was told during its consideration of the issue of reimbursement for contingent-owned equipment that a project is under development in the Secretariat aimed at obtaining assistance from Member States in setting comprehensive standards for each category of equipment as well as for establishing reimbursement rates which would cover both "dry lease" (when the United Nations assumes responsibility for maintenance of contingent-owned equipment) and "wet lease" (when the contributing Member State provides maintenance) arrangements. The outputs achieved in the course of the project are expected to result in a transparent and efficient mechanism for both Governments and the United Nations. The project will be implemented in five phases and will require approximately 32 weeks for completion. A description of the project is contained in annex VIII to the present report. The Committee supports this project.

108. The Committee was also informed of an interim solution being developed in the Secretariat to alleviate the current problems of settling the claims for contingent-owned equipment. It will require the appointment of financial coordinators in the field to act as liaison with Headquarters and to carry out the functions of review of the contingent-owned equipment to the point of certification of the claims for payment. The Committee trusts that the staffing requirements related to this interim project will be accommodated within existing resources (see annex IX).

109. The Committee notes the increasing difficulties that the Secretary-General encounters in getting Member States to contribute troops for peace-keeping operations, so that on occasion the guidelines established for troop contributors have not been strictly followed. Consequently, it happens that some troops are brought to peace-keeping operations without being accustomed to and trained for the equipment that they eventually use (vehicles, communication equipment, weapons, etc.). This may have serious financial repercussions for the Organization as these troops have to be trained, and provided with accommodation and subsistence even before they are operational.

110. The Committee, therefore, recommends that the guidelines for Governments contributing troops to a mission be reviewed and that the revised guidelines, once approved, should be strictly adhered to.

IX. TRANSPORT AND OTHER OPERATIONAL ISSUES

111. This question is dealt with in paragraphs 85 to 106 of the report of the Secretary-General. Among the issues on which the Committee focused its attention were:

(a) The concept of ready transport capability;

(b) Use of the travel service contractor at Headquarters for arranging travel of large groups (para. 93);

(c) Host country agreements.

A. Ready transport capability

112. With regard to the issue of ready transport capability, the Committee recognizes the need for examining the possibility of entering into contractual arrangements, through the standard bidding process, which should provide quick turnaround of proposals and bids so as to maintain access, at short notice, to carriers capable of airlifting large numbers of personnel and equipment for initial mission establishment and liquidation, as well as troop rotations. This also applies to examining the feasibility of entering into contractual arrangements on a global basis to meet the freight-forwarding requirements of the field missions in the most expeditious and cost-effective manner. The Committee trusts that it will be provided with the results of these examinations, so that it may be assured that the requirements of speed and cost-effectiveness are likely to provide an appropriate ground for a formal proposal to the General Assembly.

B. Travel of large civilian groups

113. The Committee notes from paragraph 93 of the report that the Secretariat decided to utilize the services of the travel service contractor at Headquarters to issue tickets for travel of large groups of civilians, including personnel provided by Governments. Upon inquiry, the Committee was informed that the contract for travel management services to the United Nations, UNDP and UNICEF was awarded to American Express after competitive bidding and evaluation by the three organizations. The contract is for three years, effective from 1 September 1993. Prior to the American Express contract, the Purchase and Transportation Service had entered into a contractual agreement with American Express to provide air travel for groups of military observers and specialists being rotated in and out of peace-keeping missions.

C. Host country agreements

114. With regard to the issues relating to host country agreements, which are outlined in paragraphs 105 and 106 of the report of the Secretary-General, the Committee recognizes the need to have status-of-forces agreements and status-of-mission agreements in place before mission deployment begins and supports the Secretary-General in his conclusion that "vigorous efforts will be made to conclude host country agreements before deployment".

115. The Committee also concurs with the Secretary-General's proposal that the General Assembly may wish to give consideration to the possible initiation of "good neighbour" agreements with countries neighbouring a mission area, which often play a crucial role in the logistical support of the mission (see A/48/945, para. 106).

X. LIQUIDATION

Disposition of assets

116. The Committee agrees with the proposals of the Secretary-General contained in paragraph 110 (a), (b) and (c) of his report and recommends that the following be taken into account in respect of paragraph 110 (d): (a) all efforts should be made to obtain from the Government its agreement to compensate the United Nations in a mutually acceptable form (contributions, services, tax exemption, etc.) for the residual value of any surplus mission assets installed in the country which could not be otherwise disposed of; and (b) the General Assembly should, as a matter of principle, be requested to approve any such disposition of mission assets which would provide for free-of-charge contribution to the Government.

117. As for the question of the most appropriate way to reflect the transfer of assets from one mission to another in the budgets of the respective missions, the Committee recalls General Assembly resolution 48/240 B of 29 July 1994 on the financing of the United Nations Operation in Mozambique and decision 48/496 of the same date on the financing of the United Nations peace-keeping operations. In that decision, the General Assembly requested the Secretary-General to study the feasibility of a procedure by which assets to be redeployed from a peace-keeping operation during its liquidation phase to other peace-keeping operations or other United Nations bodies should be transferred only after the value of the assets has been determined and provision made, in the budgets of the receiving operations, to reimburse the special account of the operation from which the assets are provided, this liability to be met as expeditiously as possible upon receipt of funds. The Committee will revert to this matter upon receipt of the requested study.

XI. ECONOMY MEASURES FOR PEACE-KEEPING OPERATIONS

118. The Committee notes that no economy measures have been proposed in paragraph 111 of the report of the Secretary-General.

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119. In the present report, the Committee has attempted to address the main issues concerned with the administrative and budgetary aspects of the financing of peace-keeping operations. This latest report of the Committee represents a continuation of a process which began with its report contained in document A/47/990; the Committee expects to remain seized of this issue and will pay particular attention to the modalities of the implementation of such policies as may be approved by the General Assembly.

Annex I*

SURVEY MISSIONS

A. Survey missions sent in 1993 and 1994

1993	
Angola (UNAVEM II)	November 1993
Haiti (UNMIH/MICIVIH)	August 1993
Rwanda (UNAMIR)	August 1993
Rwanda (UNOMUR)	August 1993
Somalia (UNOSOM I/UNOSOM II)	April 1992, April 1993
South Africa (UNOMSA)	December 1993
1994	
Angola (UNAVEM III)	November 1994
Georgia (UNOMIG)	February 1994
Guatemala (MINUGUA)	April/May 1994, September 1994
Haiti (UNMIH)	November 1994
Tajikistan (UNMOT)	October 1994
Western Sahara (MINURSO)	November 1994

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* See para. 9 (b) of the present report.

B. Composition of the most recent survey missions (1994)

	Tajikistan	Guatemala	Guatemala	Georgia	Haiti	Western Sahara
Political officers	1	9 a/	8	-	1	3
Military officers	2	1 a/	2	-		1
Logistics/ administrative officers	3	3	5 b/	2	2	3
Finance officers	1	-	-	1	-	-
Total	7	13	15	3	3	7
Duration-days	10 (estimated)	7	14	9	10	7

a/ Part of the preparatory mission.

b/ From ONUSAL.

Annex II*

DEFINITIONS APPLICABLE TO PEACE-KEEPING OPERATIONS

Appropriations	Amounts voted by the legislative organ for specified purposes for a financial period, against which expenditures may be incurred for those purposes up to the amounts so voted.
Assessment	The specific amounts owed by Member States after an apportionment has been established. The scale of assessments was established by the General Assembly to apportion the expenses of the Organization for a given period among Member States.
Apportionment	While there is no formal definition of the term "apportionment" as the term most often used is "assessment", it should be noted that Article 17 (2) of the Charter states that "The expenses of the Organization shall be borne by the Members as apportioned by the General Assembly".
Commitment authority	Amounts approved by the legislative organ, within the limits of which the Secretary-General may incur expenditures without an appropriation, on behalf of the Organization. The amount of the commitment authority may or may not be assessed, whether in part or in full.
Expenditures	Consist of disbursements and unliquidated obligations.
Unencumbered balance	Balance of appropriation that is not utilized at the end of the financial period.
Surplus	Consists of unencumbered balance, amounts recorded as income from miscellaneous income and liquidation of balance of unliquidated obligations of prior periods.
Financial period	Period for which resources have been specifically provided; for peace-keeping operations the financial period is the period of each mandate. For ease of administrative processing for missions that have been operating for more than two years, the Secretary-General generally requests the establishment of a financial year.

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* See para. 14 of the present report.

Annex III*

REPORTS ON FINANCING OF PEACE-KEEPING OPERATIONS

A. Statistics on reports produced in 1993

	To			Total number of reports
	Security Council	ACABQ	General Assembly	
UNDOF	0	0	1	1
UNFICYP	0	1	2	3
UNIFIL	0	0	1	1
UNIKOM	1	1	2	4
MINURSO	0	4	0	4
ONUSAL	1	2	1	4
UNAVEM	8	4	2	14
ONUMOZ	1	1	2	4
UNAMIR	0	1	1	2
UNMIH	1	0	1	2
UNOMIG	0	1	1	2
UNOMIL	1	0	1	2
UNOMUR	1	1	1	3
UNOSOM	0	1	3	4
UNPROFOR	7	5	2	14
UNTAC/UNMLTIC	3	8	2	13
Total	24	30	23	77

* See para. 28 of the present report.

B. Statistics on reports to be produced in 1994

	To			Total number of reports
	Security Council	ACABQ	General Assembly	
UNDOF	2	0	3	5
UNFICYP	1	0	2	3
UNIFIL	1	0	3	4
UNIKOM	1	0	1	2
MINURSO	1	2	3	6
ONUSAL	3	7	4	9
UNAVEM	7	1	1	9
ONUMOZ	2	1	3	6
UNAMIR/UNOMUR	5	1	4	10
UNMIH	1	1	1	3
UNOMIG	1	2	2	5
UNOMIL	3	0	1	3
UNOSOM	1	1	6	8
UNPROFOR	2	0	5	7
UNTAC/UNMLTIC	0	0	3	3
Total	31	11	42	84

Annex IV*

COSTS OF UNITED NATIONS VOLUNTEERS

A. Estimated monthly cost per United Nations Volunteer

	(United States dollars)
Monthly living allowance	1 200
Settling-in grant	150
Medical, life insurance	100
Assignment travel	916
Shipment	84
Living accommodation	1 200
Resettlement	100
	3 750
Other expenses, including	
United Nations Volunteers support unit, other personnel costs and programme support costs	450
	4 200

* See para. 74 of the present report.

B. Comparison of annual compensation packages

(ONUMOZ)

	Base salary	Post adjustment	Mobility and hardship allowance	Dependency and language allowance (2 dependants)	Service allowance 7 per cent	Mission subsistence allowance (first year)	Hazard pay	Total net remuneration
United Nations staff								
(a) Detailed from established offices:								
New York								
P-4/VI	51 992	20 485	0	1 270	0	39 165	0	112 912
GS-5/V	33 022	0	0	4 574	0	39 165	0	76 761
FS-5/VI	38 649	15 228	0	1 270	0	39 165	0	94 312
Vienna								
P-4/VI	51 992	34 419	0	1 270	0	39 165	0	126 846
GS-5/V	44 142	0	0	4 689	0	39 165	0	87 996
FS-5/VI	38 649	25 586	0	1 270	0	39 165	0	104 670
Nairobi								
P-4/VI	51 992	19 029	11 958	1 270	0	39 165	0	123 414
GS-5/V	6 895	0	0	521	0	39 165	0	46 581
FS-5/VI	38 649	14 146	10 404	1 270	0	39 165	0	103 634
(b) Mission recruits (300 series)								
P-4	43 618	0	0	0	3 053	39 165	0	85 836
FS-5	32 236	0	0	0	2 257	39 165	0	73 658
(c) Locally recruited GS staff								
GS-5 (B-300 Series)	8 613	0	0	0	603	0	0	9 216
United Nations Volunteers								50 400
Contractual personnel (UNPROFOR)								61 500

Annex V*

AUTHORITY OF THE SECRETARY-GENERAL TO ASSIGN STAFF TO PEACE-KEEPING MISSIONS

1. Mobility is built into the terms of appointment of Field Service staff, a category created to meet the needs of peace-keeping missions. For other staff, the United Nations, in view of the specialized nature of many of its functions, encourages mobility by means of incentives, such as the mobility and hardship allowance, unlike the field-oriented operational agencies of the United Nations system, which have a system of compulsory rotation.

2. The Secretary-General has authority, under Staff Regulation 1.2, to assign staff "to any of the activities or offices of the United Nations", including peace-keeping missions. Key staff members have been instructed to serve in missions, but generally the Secretariat has preferred to allow staff to volunteer to be included in a roster for peace-keeping assignments, on the grounds that:

(a) Morale is better among staff who have volunteered than those who have been ordered to go;

(b) Most missions are in hardship areas and may involve risks to life and health. Those who volunteer have indicated their willingness to accept those risks;

(c) By volunteering, staff have indicated that their personal and family life would permit them to be away for a period of time, at short notice, without undue hardship. Staff ordered to go may have difficulties, for whatever reason, in arranging their family circumstances in such a way as to be able to leave. Their usefulness to the mission may be limited by concerns about home, finances or child care.

3. With the explosion of peace-keeping missions, it may be necessary to review the policy of volunteerism in the future, bearing in mind the requirements of the Organization as a whole to maintain essential services.

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* See para. 78 of the present report.

Annex VI*

PROCEDURES FOR THE ESTABLISHMENT AND PERIODIC REVIEW OF MISSION SUBSISTENCE ALLOWANCE RATES

1. As requested by a number of delegations at an informal meeting of the Fifth Committee on 8 March 1994, the present note summarizes current procedures followed by the Secretariat in establishing and reviewing rates of mission subsistence allowance payable to personnel assigned to the special missions of the United Nations.

2. Establishment of the mission subsistence allowance applicable to international personnel assigned to peace-keeping and other United Nations operations in the field, including international civilian staff, military observers and civilian police, is based on Staff Rule 103.21. This rule provides, inter alia:

> "The Secretary-General may designate special mission assignments, including assignments for periods of one year or more, during which a mission subsistence allowance shall be authorized in lieu of the mobility and hardship allowance under rule 103.22, the assignment grant under rule 107.20 and any post adjustment to the area applicable under rule 103.7 (a). Where such a designation has been made, the mission subsistence allowance shall be payable to staff members recruited or assigned from outside the area of the mission, and the salaries of staff members assigned from another duty station shall continue to be subject to the post adjustment and allowances, if any, applicable to the duty station from which the staff members were assigned."
>
> "The Secretary-General shall set the rates and conditions for the mission subsistence allowance payable on each such assignment ... The allowance may be paid wholly or partially in the currency of the mission area or in the form of provision of food and/or lodging in kind."

3. Designation as a special mission in the sense of Staff Rule 103.21 is normally made in connection with assignments to peace-keeping operations or other related missions of short- to medium-term duration which do not involve a transfer between duty stations and where staff are expected to return to the official duty station following the completion of the mission assignment.

4. Mission subsistence allowance rates represent the total contribution of the Organization towards living expenses incurred in connection with mission assignment. As such, mission subsistence allowance rates are determined primarily on the basis of board, lodging and miscellaneous costs at the duty station of mission assignment.

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* See para. 82 of the present report.

5. By its nature, mission subsistence allowance may be considered similar to daily subsistence allowance, which is established by ICSC on a system-wide basis. Both allowances are intended to compensate for the same elements of expenditure, namely board, lodging and miscellaneous costs, during temporary assignments away from the regular duty station of a staff member. The main difference between them is that daily subsistence allowance is intended to compensate for stays of shorter duration, whereas duration of assignments to special missions with payment of mission subsistence allowance is normally from six months to one year. Accordingly, daily subsistence allowance rates are established on the basis of costs related to hotel accommodation and meals taken at restaurants, while mission subsistence allowance rates are instead calculated by reference to longer-term rental housing costs and lower expenses for food and incidentals.

6. When a new special mission is established, a survey is conducted by a compensation specialist from the Office of Human Resources Management for the purpose of gathering data on living expenses and determining the initial mission subsistence allowance rates applicable to mission personnel. A survey report with related recommendations is then submitted to the Director of Personnel who promulgates mission subsistence allowance rates on behalf of the Secretary-General. Subsequently, field missions are undertaken from time to time by compensation specialists for the purpose of conducting comprehensive reviews of the different elements and costs taken into account in arriving at the initial rates. Between comprehensive reviews, the rates are also adjusted periodically on the basis of information on the level of living expenditures in the mission area provided by the administrative services of the mission.

7. In arriving at the overall level of the mission subsistence allowance, consideration is also given to the conditions under which mission personnel is serving in the mission area. Compensation for hardship conditions would not normally be justified for staff on travel status, i.e., those in receipt of daily subsistence allowance, as this allowance is normally paid in connection with short-term assignments. By contrast, at certain duty stations personnel on special mission assignments are exposed to hardship conditions for periods of up to one year. Accordingly, at duty stations having very difficult conditions of life and work, the mission subsistence allowance rate might be exceptionally adjusted to include an element for hardship. In such exceptional cases the related element of mission subsistence allowance is calculated by reference to the hardship classification applicable at the duty station under the mobility and hardship scheme as established by ICSC.

Annex VII*

COMPENSATION FOR DEATH, INJURY AND DISABILITY

A. Background information on the evolution of the present system of compensation

1. The earliest (1948) Staff Rules contained a very general provision for "Compassionate benefits" (rule 153), providing for "reasonable compensation" for accidental injury incurred in the course of duty or sickness directly attributable to work in the service of the United Nations. The 1950 Staff Rules expanded this to cover "death, injury, sickness or other disability" deemed to have arisen out of or in the course of performing official duties on behalf of the United Nations (unless due to wilful misconduct or wilful intent). Attributability was inferred if death, illness or injury resulted "as a natural incident of performing official duties", in an area declared by the Secretary-General as a special area and "as a direct result of any special hazards in such area", or "as a direct result of travelling by means of transportation furnished by or at the expense of the United Nations".

2. These principles of attributability, somewhat refined, remained the basis of the provisional Rules Governing Compensation in the Event of Death, Injury or Illness Attributable to the Performance of Duties on Behalf of the United Nations (appendix D to the Staff Regulations and Rules) adopted and promulgated in 1953. The Rules were based on recommendations by the 1949 Committee of Experts on Salary, Allowances and Leave Systems, as developed by the Secretariat, and finally agreed upon by the Consultative Committee on Administrative Questions in April 1953. The Rules were amended in 1966, following a comprehensive review of common system provisions by the Consultative Committee on Administrative Questions and the Administrative Committee on Coordination, and in 1976, to give a percentage formula rather than flat sums in United States dollars for the schedule of payments for permanent disfigurement or permanent loss of member or function. Article 16 (d), on the composition of the Advisory Board of Compensation Claims was amended in 1993 to expedite the processing of compensation claims.

3. The Rules provide for compensation claims to be considered by the Advisory Board on Compensation Claims, except for simple claims below a certain monetary threshold, which may be handled by the Secretary of the Board without reference to the Board. Certain claims may also be handled by the United Nations Office at Geneva and the United Nations Office at Vienna, under delegated authority, without reference to the Headquarters Board. The Headquarters Advisory Board on Compensation Claims also reviews claims from military observers and civilian police, who are entitled to compensation under the terms of the agreement between the Member Government and the United Nations, and from individuals on special service agreement, who are entitled to compensation "equivalent to" that receivable under appendix D.

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* See para. 86 of the present report.

B. Entitlements of all categories of personnel and staff under the present system of compensation

4. Very briefly, compensation under appendix D is payable to "all staff members appointed by the Secretary-General", except that locally recruited staff members who are covered under an applicable national social security scheme may be exempted under the terms of their appointments. Benefits for death, payable to the widow and/or dependants in the form of annuity payments, are two fifths of the final annual pensionable remuneration, subject to a certain minimum. Additionally, a reasonable amount is awarded for funeral expenses, return transportation of the deceased and dependants in the case of internationally recruited staff, and reasonable medical and hospital costs. If there was no surviving widow or children, benefits are payable to secondary dependants, with a provision for lump-sum payments instead of annuities under certain circumstances.

5. For total disability, in addition to reasonable hospital and medical costs, full salary and allowances are payable until the staff member either returns to duty or is terminated for reasons of health after a year. After full salary and allowances cease, the disabled staff member receives an annuity of two thirds of final pensionable remuneration plus one third of such annual rate in respect of each unmarried dependent child, subject to certain minima.

6. For partial disability, full salary and allowances are payable for the period of incapacity or until termination for reasons of health, at which time the staff member will receive an annual compensation at a rate which corresponds with the degree of disability. Loss of member or function is compensable by a lump sum based on a percentage of twice the annual pensionable remuneration at grade P-4, step V.

7. Similar compensation formulae are applied to military observers and civilian police, except that the maxima under the terms of the agreement between the Government of the Member State and the United Nations is set at $50,000 or two years' salary, whichever is the higher.

C. Advisory Board on Compensation Claims: Review of statistics

Description	Year			
	1991	1992	1993	1994 (to date)
Total claims received	88	120	187	148
Field Operations Division submissions (percentage of total)	9 (10%)	26 (22%)	72 (38.5%)	58 (39%)
Total incoming correspondence	Not available	637	1 215	945 Est. 1 420
Total outgoing correspondence	991	1 270	1 425	972 Est. 1 458

Note: From 1949 to 1990, 71 cases relating to the Field Operations Division were considered. From 1991 to the present, 165 cases were considered, representing an increase of 132 per cent in three and a half years only, compared to the previous period of 41 years.

Average per year (from 1949 to 1990): 1.73 cases

Average per year (from 1991 to the present): 45 cases.

Annex VIII*

REIMBURSEMENT FOR CONTINGENT-OWNED EQUIPMENT: STANDARDIZATION PROJECT

In order to simplify the process of reimbursement for contingent-owned equipment, and thereby reduce the lead time associated with the payment of claims, the following project intends to standardize the equipment for which reimbursement will be authorized, and identify appropriate rates of reimbursement for such equipment. This effort will be undertaken in five phases:

Phase I: Invitation to Member States to develop a recommended United Nations standard for systems (aircraft, vehicles, etc.); major repairable equipments (generators, communications equipment, etc.); and other equipment and consumables (tentage, mess gear, paper, etc.) for which reimbursement should be authorized when deployed in connection with a battalion of troops, or specialized companies such as medical, signals, aviation support, logistics, communications, etc. Phase I recommendations will be initially presented during the phase II working group, scheduled to commence on 16 January 1995.

Phase II: Review and consolidation of the recommendations developed by phase I participants by a working group comprising representatives of Member States, resulting in a single comprehensive document identifying those standard requirements for which reimbursement will be authorized. Phase II will conclude on 24 February 1995.

Phase III: Development, by financial analysts of participating Member States, of a fixed scale identifying annual reimbursement rates for each of the discrete systems and repairable equipment authorized as a result of the phase II working group consolidation, with appropriate adjustment factors being applied according to the source of maintenance support provided, a wet lease/dry lease concept. This phase will also result in the development of a single flat rate of reimbursement for all other equipment and consumables. Phase III will conclude on 31 March 1995.

Phase IV: Implementation, at United Nations Headquarters and in field missions, of this revised reimbursement procedure, including specifically: distribution of a note verbale by 15 May 1995 initiating revised reimbursement procedures for contingent-owned equipment, implementation of revised budgeting practices incorporating new reimbursement rates for contingent-owned equipment in budgets submitted after 1 July 1995, and development of automated systems to process claims for reimbursement.

Phase V: Periodic review and update of the phase two and phase three standards to be completed on a triennial basis, with the first review scheduled for March 1998.

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* See para. 107 of the present report.

Annex IX*

CONTINGENT-OWNED EQUIPMENT: INTERIM PROPOSAL FOR PROCESSING REIMBURSEMENTS TO GOVERNMENTS

Introduction

This paper attempts to provide an interim solution to the current problems being faced by the Secretariat in the settlement of claims for contingent-owned equipment. The interim solution does not in any way alleviate the need for a longer-term solution, the details of which are articulated in the Secretary-General's proposals (see A/48/945).

Interim solution

It is planned to implement an interim proposal for the processing of claims, in view of the urgency of the situation with regard to the volume of outstanding claims. It is therefore proposed to appoint financial coordinators in the field to act as liaison with Headquarters in New York and to carry out all the functions of review of contingent-owned equipment to the point of certification of the claims for payment. Ideally, the coordinators will be military personnel with a financial background and the requisite experience in financial operations, which will ensure that the personnel responsible for executing these tasks have the background knowledge and experience for processing of these specialized transactions. As a first step, it is planned to implement this new procedure within certain missions. The reality of providing this type of service from within the missions may necessitate providing additional capacity to the current staffing complements of some missions. In other cases, it may be feasible to provide this capacity from within existing resources. This proposal is to be implemented with immediate effect in the following missions:

1. UNPROFOR: will require three to four staff;

2. UNOSOM: to be processed at Brindisi and will also require two to three staff;

3. ONUMOZ: will require two to three staff;

4. UNDOF, UNFICYP, UNIFIL and UNIKOM: from existing resources.

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* See para. 108 of the present report.